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**1988/10/21**

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Ambassador Roy RELEASED IN PART

Attached for your B1,A3,A5

clearance are Allen Hodges

missile talking points in

Beijing and a draft cable.

on Chinese arms sales

to Pakistan. The cable still

needs further clearance from IR on missile

DOD & ACDR. We will let

You know if there are significant

changes. *John Donovan* eration.

transfers (i.e., what systems does their statement to

missile

Secretary Carlucci cover).

1. Brief Chinese on proliferation.
2. Outline elements
3. Seek to clarify ( changes. *John Donovan* missile transfers (i.e., what systems does their statement to Secretary Carlucci cover).
4. Outside of our missile proliferation concerns, raise issue of Chinese arms sales to Pakistan.
5. Seek Chinese commitment to regular consultations on the issue.

Background:

We are committed to keeping the Chinese informed of the status of our contacts with the Soviets on missile proliferation. We have already given them a report on our talks in September, we need to give them a general sense of what we will discuss at our next meeting, in November. To provide the Chinese with a better understanding of all aspects of our missile proliferation policy, a general discussion of the elements of that policy is also merited.

B1,A3,A5

Second, we should continue to push for consultations specifically on the missile proliferation issue, as appropriate.

B1,A5

B1,A5

Talking Points:

o Introductory Remarks

-- The proliferation of missile systems is a central concern of the Administration, and we expect it to remain high on the agenda of any successor.

-- As you are aware, our concern is not focused on any one country. We have had discussions with many Governments, both on the supply and demand side of the problem.

o Consultations with the Soviets

-- We plan on having another round of discussions on missile proliferation with the Soviets within a month. I briefed Asst. Foreign Minister Li on our September talks.

-- We expect to continue our discussions of the MTCR with the Soviets.

-- The next round of talks will be at the technical level, led by Dep. Asst. Secretary DeCain and will look at the details of the Soviet proposal.

-- The Soviets proposed a US-Soviet bilateral arrangement which includes range and payload restrictions more restrictive than the MTCR's and a list of components that closely parallels the MTCR Annex.

-- In addition, we hope to explore in greater detail the various missile development programs we identified and our systems for controlling strategic exports.

-- If you desire, we will be pleased to provide a readout on the next round of talks (on date).

o U.S. Missile Proliferation Policy

-- In our meeting in New York, I reviewed the major elements of U.S. missile non-proliferation policy, which as you are aware goes well beyond our specific discussions with the Soviets.

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-- The first element of our policy is, as you know, the Missile Technology Control Regime.

-- Our contacts with you, the Soviets and other countries are another aspect of our policy. A broad-based international commitment to missile non-proliferation can be very effective in controlling this problem.

[Redacted] B1,A5

[Redacted] B1,A5

-- We are also making our concerns about missile proliferation known to Governments which are pursuing the development and/or acquisition of missile systems.

-- We hope that we can work with these countries to dissuade them from acquiring a missile capability.

o Further Consultations

-- Further consultations at the expert level on missile proliferation, as a routine feature of our bilateral relations, would be very welcome.

-- Productive discussion and cooperation on these issues can contribute to the overall positive development of our bilateral relations.

o Other Chinese Weapons Transfers to Pakistan (For Use in Regional Discussions)

-- US and Chinese strong support for Pakistan has been instrumental in the Soviet decision to withdraw its troops from Afghanistan.

-- We will continue our strong support for Pakistan during the difficult transition after President Zia's death. China's continued support for Pakistan is equally important.

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-- We have previously shared with you our concerns over the dangers of an arms race in South Asia.

-- We are particularly concerned about the potential for rivalry between Pakistan and India in nuclear, missile and chemical warfare development.

-- We scrutinize our own arms sales to the region with an eye toward their potential effect on stability.

-- We note that one of the criteria China has announced will govern its sales of weapons is their effect on regional stability. ~~We hope that Chinese arms sales to Pakistan will be judged on that criterion. We support this standard and note its particular importance with regard to India & Pakistan.~~

-- On the nuclear side, you are of course aware of our longstanding efforts to pursue our non-proliferation goals in South Asia. [redacted]

B1,A5

(If Asked)

-- As for Silkworms, US objections to their sale to Iran were based on their likely use against neutral shipping in the Gulf. We do not automatically oppose the sale of anti-ship missiles. They are not necessarily destabilizing. It depends on the context.

-- The same principle applies to short range missile sales. We would not provide them without a careful technical and political analysis of the impact of a sale on regional stability.

-- Of course, we would not consider export of ballistic missiles or component technology for systems above the MTCR limits.

-- We hope that China understands and shares our concerns.

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